

1 That money that is being made available, much
2 of it is coming from our pension money.

3 Now, that raises this question. This is a
4 follow-up to our meeting, Mr. Chairman, in New York. We
5 want to have, in June, a Trillion Dollar Round Table of
6 pension funds, pension fund managers. If we can get the
7 pension funds around that table that is already in
8 motion, John Conyers, we could get \$90 billion -- Joe
9 Hill, \$65 billion, AFL-CIO, if around that table we can
10 get a trillion dollar endorsement. If what we get is
11 five percent dedicated to infrastructural development,
12 that is \$50 billion times ten, that is \$500 billion. The
13 money that we need for this is not going to come from
14 this Congress, even if it was our Congress. We wouldn't
15 get it, not to mention this Congress.

16 But what is different, I think, in our life-
17 time we know that the private sector participates in
18 building infrastructure. The work is coming from the
19 other side of the ledger, and if we can get from the
20 government the structure that does not disallow us

1 access, we can get the money, if we can get in the door.

2 Do you get my point, Maceo?

3 I think if we have in the Chairman his
4 sensitivity on the tax certificate and a few adjustments
5 he wants to make, plus the Wall Street side, that is the
6 government/private sector combination. The billions we
7 need are available, and those -- pension funds and
8 leverage, that is where the money is coming from and is
9 not going to come from this Congress. And the FCC
10 doesn't have it in the first place.

11 If we get in on the democracy versus the
12 monopoly side, it gives us a running start.

13 Does that make sense to you all? We are going
14 to do our modified hearing with Chairman Rush.

15 MR. BRADLEY: Steven Bradley, Bradley
16 Communication Group.

17 Let me give you three simple points that you
18 can take back to Washington. We have stepped to the
19 table, we have been to the trenches, you have been with
20 us, we support that. Let me give you three simple things
21 that you can do.

1 CHAIRMAN KENNARD: I will take notes.

2 MR. BRADLEY: One, you are going to vote this
3 week on what happens to the \$10 billion auction.
4 Companies like ours do not ask the FCC to spend anything.
5 While you all can make up your minds at the Commission,
6 nothing went on in the industry. The one thing that can
7 be done very quickly by the Commission, that puts us back
8 on square one, is not to charge us interest while the
9 Commission was trying to make a decision. I didn't ask
10 for that.

11 You need to have companies turn back licenses
12 when they are not going to bill so that you can have a
13 successful auction in September. You will never do that
14 if the penalty to keep a license is worse than
15 bankruptcy. If you can increase the percentage of money
16 from 70 to 85 percent, whatever it might be, you will
17 have more licenses turned in, you will have more capital
18 going to work, and it is a very simple thing you-all can
19 do.

20 And three, there is one thing I think so
21 simple I don't understand why it is taking so long:

1 There are two interest rates. The smaller companies pay
2 a higher amount than the bigger companies based on the
3 Treasury bill. It is unfair to charge small companies a
4 higher rate than a multi-billion dollar company who have
5 violated the rules.

6 CHAIRMAN KENNARD: The three points that you
7 have raised I am familiar with the argument on all of
8 them.

9 Let me say this: That we will get an order
10 out this week. I think you will see in that order some
11 things that you will be pleased about, and I think we
12 have addressed some of your points. We probably don't go
13 as far as you would like us to go, but I think there will
14 be some significant relief.

15 MR. JORDAN: Greetings, Mr. Chairman.

16 In an article in USA Today several weeks ago,
17 you presented ideas on how we can increase frequencies in
18 the various markets. We have been trying to buy a
19 station for eight years. We finally bought a license
20 after eight years of struggle, and we ended up buying the
21 license through a distress sale. We filed through the

1 auction process -- there were many stations which caused
2 us to do a lot of research. And in our research we
3 stumbled on an idea. And we have the technology now
4 because we had to do the research that can add six to ten
5 frequencies in every major market today using modern
6 technology. We can use modern technology. We can use
7 400 kilohertz separations between frequencies. Right now
8 the FCC requires 800 kilohertz FM separation. But you
9 can put in 400 kilohertz separation so that you will not
10 affect the neighbors, and you can lower your wattage 80
11 percent and still have an effective broadcast in your
12 community with modern technology.

13 This is a simple way that we can even the
14 playing field, and once we have proven that this works,
15 those frequencies should not be put out to bid. Those
16 frequencies should be designated to businesses within
17 that city that are minority-owned as well as community
18 groups.

19 Also, it would give you a solution to kill the
20 pirate broadcasters. I guarantee you most of them are in

1 that 400 kilohertz cycle. That is why they can get on
2 the air between stations.

3 So, this is technology that is already proven.
4 Therefore, by having communities having the ability to
5 have their own stations and not go through this big
6 process which is unfair because the guy with the biggest
7 amount of money will end up with the bid.

8 So allow the community to participate in the
9 process, give them a voice, let them compete, and they
10 will compete, and I guarantee that they will do a better
11 job than they are being serviced now.

12 Second, ten major corporations control 85
13 percent of the best frequencies in this country.
14 Companies own from 100 frequencies all the way up to 300
15 frequencies. That is monopoly. In every major market
16 you will find these monopolies. Even in Los Angeles,
17 only one station is owned by a black. That is Stevie
18 Wonder. Everything else is owned by somebody else who
19 doesn't even live there, or look like them.

20 So, somehow we have to broaden our base of
21 communicating to our people, and the word is the word.

1 If we are not in control of the word, we will get the
2 word that somebody else wants us to think.

3 So my letter details what we have done, and we
4 will give the technology that we have discovered, but it
5 has to go back into the communities. We are talking
6 about all over this country.

7 REVEREND JACKSON: What can we do to help you
8 on your FCC agenda for inclusion? What can we do to help
9 you on your inclusive FCC agenda before you go? It fits
10 in with what you are saying.

11 CHAIRMAN KENNARD: Let me address this man's
12 point, and then I will tell you.

13 You made a very compelling point, and it is
14 something I have been talking about.

15 We have a problem with pirate radio stations,
16 companies that go out and buy a transmitter and just
17 turns it on and starts talking to the community. It
18 drives the broadcasting industry crazy, as you can
19 imagine.

20 There are some broadcasters in this room, and
21 they are concerned about it probably. And two things

1 strike me about pirates. One, they are operating unlaw-
2 fully. Fundamentally we cannot have a broadcast industry
3 in this country where there is just chaos on the
4 airwaves, where everyone just starts to broadcast.

5 But the point is that these pirates are
6 reacting to the fact that there are no opportunities for
7 new entries into broadcasting anymore, and that is a
8 legitimate point.

9 So, I have asked our engineers at the FCC to
10 come up with a technical plan to see about the
11 feasibility of these low power stations, and sir, I would
12 invite you to get in touch with Roy Stewart, Chair of our
13 Mass Media Bureau, and please tell him that we talked
14 today. I will mention it to him when I get back to
15 Washington because we are grappling right now with the
16 technology here, whether we can create a low power
17 service without causing too much interference to the
18 existing licensees.

19 Let me address the reference point. Well,
20 this is a great start. This is like an elixir for me.

21 REVEREND JACKSON: A what?

1 CHAIRMAN KENNARD: An elixir, to get out of
2 Washington.

3 REVEREND JACKSON: What does that mean?

4 CHAIRMAN KENNARD: You know what that means.

5 Just to hear people talk about these issues
6 that we are grappling with. But I can't stress how
7 important it is for you not to just talk to me; you have
8 got to talk to Congress, you have got to talk to the
9 industry, and you have got to make sure that people
10 understand that these issues are not just the battles
11 between the rich and the very wealthy. These are battles
12 that are fundamental about what kind of democracy we are
13 going to have.

14 Somebody just handed me today some proposals:
15 Two proposals.

16 REVEREND JACKSON: What we are trying to do,
17 we are trying to put together a 12-point plan, more
18 democratic access, which all of us will go over. We feel
19 that these things are addressed, we are trying to turn
20 this into an agenda. That is where it is coming from.

1 CHAIRMAN KENNARD: I want to have a dialog
2 with you about the specific proposals, and we need more.
3 What we need are specific policy initiatives and
4 proposals that we can coalesce around and give support
5 for. Don't limit yourself just to proposals at the FCC.
6 Legislative proposals are also helpful, and don't be
7 daunted by the fact that we have a Republican Congress.
8 If you do this right, people in Congress will want to
9 work with us and they have worked with us on some things.

10 CONGRESSMAN CONYERS: We are going to take the
11 Congress back; we're only eleven seats away.

12 CHAIRMAN KENNARD: Mr. Conyers said you are
13 going to take the Congress back. Maybe that will happen.
14 But the point is that some people come to me and they
15 say, "Well, we have got a Republican Congress, there is
16 not much we can do."

17 There are two choices: You put your head in
18 your hand and begin to moan where we are, or we can think
19 of solutions and ways that we can partner with people and
20 government for solutions. And the fact is, there is only
21 one option.

1 REVEREND JACKSON: Let's have a big hand for
2 our Chairman.

3 (Loud and thunderous applause.)

4 (Short recess.)

5 CONGRESSMAN RUSH: We are going to the hearing
6 phase of this conference, and we do have panelists who
7 are present with us.

8 This hearing is being co-chaired by the
9 ranking member on the Committee on Judiciary, Chairman
10 John Conyers of Detroit; and also my colleague from New
11 York and who is a member of the Telecommunications
12 Subcommittee of the Committee on Commerce, Eliot Engel.

13 We have witnesses, and I am going to ask each
14 witness to identify themselves, take no more than two
15 minutes to make introductory remarks about this
16 particular issue that we are confronted with, and then we
17 will have questions from the audience and also questions
18 from myself and the Co-Chairman of this hearing.

19 So, we are going to start to my left, and ask
20 Ro-Nita Hawes-Saunders to take two minutes for introduc-

1 tory remarks and to introduce herself and we will
2 proceed.

3 STATEMENT BY RO-NITA HAWES-SAUNDERS,
4 President and General Manager, WROU-FM and
5 WRNB-FM, Dayton, Ohio

6 MS. HAWES-SAUNDERS: I am Ro-Nita Hawes
7 Saunders, and I am from Dayton, Ohio. I own two FM radio
8 stations in Dayton. I am here today because I believe
9 that we have to hang in there, regardless of the
10 legislation, regardless of what is happening in terms of
11 people trying to put us out of business.

12 I am only a broadcaster today because I was a
13 part of a ten-year goal to own my own radio station. I
14 received my construction permit actually after fighting
15 for ten years, going through all the comparative
16 hearings, going through the entire process.

17 I originally founded a frequency, 92.1 -- and
18 because as you know, the airwaves belong to the public,
19 at the time that we founded the frequency, I did not have
20 a competitor. By the time we ended up, there were 11
21 other competitors for my particular signal.

1 After going through all the hearings, and
2 finally getting the frequency and building the station, I
3 have been able to serve my community and serve it well.
4 There was not an FM urban format in Dayton, Ohio prior to
5 my getting the particular frequency. We had not had an
6 FM urban format in Dayton for five years. At the time
7 that we became a real business, other people then began
8 to look at the business that we were doing in Dayton,
9 Ohio, and after five additional years of being on the
10 air, then we had a competitor that decided to come in and
11 to do our particular format.

12 I think competition is good, and I think
13 serving our community is good, and I think business is
14 good, and I think big business is good; but I also know
15 that no one cares about our people, the employment of our
16 people, the training of our people, the music of our
17 people, the socialization of our people, and the culture
18 of our people like we do. And we have a responsibility
19 in our communities to have not only successful
20 businesses, but also to keep the fight going. I want to
21 keep the fight going.

1 Thank you very much.

2 STATEMENT BY MELODY SPANN-COOPER,

3 President and General Manager, WVON Radio, Chicago

4 MS. SPANN-COOPER: I am Melody Spann-Cooper.

5 Congressman Engel, your comments were
6 remarkable. It is just what I wanted to have said to
7 Commissioner Kennard had I had a chance to address him
8 myself.

9 Let me give you a mini-history of WVON. It is
10 one of two black-owned radio stations in the City of
11 Chicago. The call letters are the oldest, probably as it
12 relates to the black community, in Chicago.

13 We are a rarity because we are one of two
14 stations in the entire country that share a radio
15 frequency. We are a 15-hour outlet. We come on at ten
16 p.m. at night and go off at one p.m. the following day.
17 It is amazing that this station continues to work in a
18 market like Chicago with the type of competition that we
19 have.

20 In the last year and a half, I have had five
21 offers to buy this radio station, five. This is what you

1 could call an owners market. The amount of market that
2 they are offering to pay for a 15-hour, 1,000 watt radio
3 station, is ridiculous. It brings about a different
4 level of problems for me because in my attempt to make my
5 station 24 hours, how do I go to the other individual who
6 only has nine hours, how do I attempt to make a decent
7 proposal without him charging me something astronomical?
8 It is very difficult to do that.

9 It is also very difficult to be committed to
10 remain black-owned. And in a market that has a
11 conglomerate that has come in and who has purchased all
12 of the urban radio stations, monopolized it, and I have
13 to go in and compete with them for dollars. It is
14 difficult.

15 So, we have to come up with creative ways to
16 handle that. As you know, the bloodline to our business
17 is as a radio station and television station. It is
18 difficult to do that as an AM independent part-time radio
19 station.

20 As you know, the percentage of African-
21 American owned radio stations have declined over the

1 years, and it does that because these people come and
2 they make these offers. How do you make the commitment
3 to your community to have 30 employees there to try to
4 keep them with jobs when someone comes and offers you \$5
5 million for a radio station. That is very difficult.

6 What we need is, and someone mentioned it
7 here, is an affirmative action plan for minority-owned
8 radio stations. You have got to allow us -- a situation
9 has got to come about that allows us to compete, to be
10 able to compete for ownership, to be able to go in and
11 have the type of dollars, and compete with these
12 monopolies.

13 I think when the FCC deregulated and allowed
14 these individuals to buy more than 12 radio stations,
15 seven or eight radio stations in a market, they did not
16 consider that, and it is the small people that get hurt.

17 My father is part owner of the radio station,
18 and he always said, "Well, Melody, in this great country
19 of America, they say you need to pull yourself up by your
20 bootstraps. Now they want to buy the boots back." What
21 do you do?

1 So, I think that this is our big villain as we
2 sit here as owners and operators of radio station.

3 Thank you.

4 STATEMENT BY KOFI ASIEDU OFORI,
5 Communications Counsel,
6 Civil Rights Telecommunications Forum

7 MR. OFORI: I am Kofi Ofori, Communications
8 Counsel, Civil Rights Telecommunications Forum.

9 Thank you, Congress members, and the Reverend
10 for convening this very needed forum.

11 I just wanted to perhaps frame some of the
12 issues that we are discussing this morning by sharing
13 with you some statistics on media ownership
14 consolidation.

15 At the end of 1995 just before the
16 Telecommunications Act of '96 was passed, the top 50
17 radio groups owned among themselves 872 radio stations,
18 approximately. Approximately a year later the top ten
19 groups owned 821 radio stations, and then a year later,
20 the top ten owned 1,300.

1 Consolidation seems to be the trend at this
2 time, an increasing trend as we enter the twenty-first
3 century.

4 Prior to the passage of the Act, an average
5 company owned no more than 40 stations. By a year
6 afterwards, they owned an average of 82.

7 Now, the top ten own an average of 130.

8 The largest single radio group controls 428
9 stations. One company, Westinghouse (CBS), controls 31
10 percent of the market in 36 markets across the country.

11 Now, look at the minority side of this. Out
12 of the top 50 radio groups, minorities own only 29 of
13 2,224 stations.

14 And if you look at those stations that are
15 directing programming to the minority community, that is
16 the Hispanic community, black community, the Asian
17 community.

18 In the top 100 markets, there are about 212
19 minority, Oriental programming stations. Of that, 142
20 are owned by the majority companies, and only 70 owned by
21 minorities.

1 The trend is that minority radio is
2 increasingly becoming synonymous with the format as
3 opposed to the ownership.

4 I think that in light of these developments --
5 and I also want to mention in that survey that I did that
6 there was a loss of 26 black stations during the year
7 after the passage of the 1996 Act.

8 I would predict that by the year 2000 there
9 will be very few, if any, minority owned stations in the
10 major markets.

11 In light of this development, I think it is
12 very appropriate that we have a moratorium on further
13 mergers that will result in the company controlling up to
14 30 percent of the market revenues, in a particular
15 market.

16 I think that some of the initiatives that have
17 been talked about this morning in terms of the tax
18 certificate policy need to be examined and pushed
19 forward.

20 Thank you very much.

21 (Loud applause.)

1 STATEMENT OF PEARL MURPHY, Executive Director
2 African American Media Incubator

3 MS. MURPHY: I am Pearl Murphy, representing
4 the African American Media Incubator. We are located in
5 Washington, D.C., and I am Executive Director.

6 We have been in existence since 1996 offering
7 training, job opportunity referrals in the radio
8 broadcast industry and we are committed to doing the
9 following: To increase the awareness and sensitivity to
10 the social impact of broadcast portrayals of African-
11 Americans and other minorities in the broadcast industry.

12 To increase opportunities for African-
13 Americans and other minorities by offering training and
14 job opportunities in the broadcast industry.

15 To facilitate the effectiveness of radio as an
16 advertising media by African-Americans and other
17 minorities.

18 And to provide an affordable radio advertising
19 rate for African-Americans and other minority-owned and
20 operated businesses.

1 To this end, AAMI, with help and financial
2 assistance, has created a unique school center designed
3 to expand the use of radio by African-Americans and other
4 minorities.

5 We are a 501(c)(3) non-profit entity, and
6 since our inception in 1995, we have trained more than 40
7 students who have graduated after our nine-month course
8 and gone on to be gainfully employed with career
9 possibilities in the radio broadcast industry in the
10 Washington metropolitan area and other cities.

11 The school is vitally important because, as
12 Chairman Kennard mentioned, the issues that we are
13 discussing today: Access, training, and eventually going
14 on to ownership, and I am so proud to be in the midst of
15 so many broadcast owners who are present here today, and
16 African-Americans, which is vitally important. And we
17 are looking forward to creating more ownership
18 opportunities as our graduates go on to management, and
19 eventually ownership.

1 But understanding the flow of dollars is
2 extremely important, and a big part of our course is in
3 the sales, broadcast sales.

4 As we all know radio and television, the
5 media, is the most intensive revenue-generating
6 businesses that there are, and unless more African-
7 Americans understand how these dollars flow and have an
8 understanding that most of the major persons who are
9 involved in management and go on to ownership come from
10 sales and understanding the flow of the dollars. So,
11 that is extremely important, rather than putting so much
12 of an emphasis on radio talent. We need to put more of
13 an emphasis on understanding the flow of the dollars and
14 going on to eventual ownership.

15 I definitely want to thank Reverend Jesse
16 Jackson and our Congressmen and co-chairs, the
17 RAINBOW/PUSH Coalition for conducting this forum, and I
18 am most appreciative for having the opportunity to
19 participate in these hearings and specifically on behalf
20 of our Board of Directors and advisory board, as in
21 memory of my late husband, Ed Murphy, we want to thank

1 David Honig, his vision, diligence and constant battle
2 for minorities and our participation in going on to
3 broadcast ownership.

4 Thank you.

5 (Loud applause.)

6 STATEMENT BY ROBERT W. MCCHESENEY, Associate Professor,
7 School of Journalism, University of Wisconsin

8 PROFESSOR MCCHESENEY: My name is Robert
9 McChesney. I am a professor at the School of Journalism
10 at the University of Wisconsin, and I will be moving to
11 the University of Illinois next year, and I would like to
12 thank Reverend Jackson and David Honig for inviting me to
13 participate in this event, which is a very historic event
14 that I think people appreciate, and I think are glad for
15 a new beginning of a movement to reform media in this
16 country which stretches across this society in a number
17 of sectors.

18 We are not alone in this room with the
19 concerns that we have. We have heard convincing evidence
20 already today over and over about the deadly effect of
21 concentration. One of the things it leads to is a

1 hypercommercialization. The firms gain more and more
2 market power, the commercial situation is non-
3 competitive. I think it affects all of our communities,
4 and it concerns all Americans.

5 As Reverend Jackson stated and Chairman
6 Kennard stated, maybe to a lesser degree, we do need
7 structural reform of media. The problems we face are
8 indeed structural. There are a lot of different areas we
9 need to investigate. What comes to mind today are
10 antitrust. Legitimate antitrust.

11 When we talk about the way the media works, we
12 have to think about the way we think of ourselves: and to
13 get ownership, not only locally, but divorced from other
14 media. I think we have to consider the publication of
15 magazines and put billboards up, let other owners own
16 those companies. It is a real competitive market.

17 In addition, we need to enforce regulation of
18 advertising, and even in competitive markets. We need, I
19 think, to work towards community broadcasting.

20 Now, the problems we face are immense.

1 Chairman Kennard, to his credit, has led the
2 fight in the last three weeks to lessen, if not
3 eliminate, political television advertising.

4 We need to build a movement so that Chairman
5 Kennard and people on this panel can bring about
6 progressive reform immediately.

7 We understand that the problem is, of course,
8 that these issues are not discussed in our immediate
9 system, they are off limits in the commercial media.
10 They have never heard the issue before because they never
11 heard it through the media. The issue is off limits. We
12 need to get out and talk to people, get them together,
13 create a movement, and this would be a basis for the
14 reform we are talking about.

15 Thank you.

16 (Loud applause.)

17 STATEMENT BY STEVEN S. WILDMAN, Director,
18 Program in Telecommunications Science, Management and
19 Policy, Northwestern University

20 MR. WILDMAN: I also want to express my
21 pleasure for the chance to be here. I am a Professor of

1 communications studies. I direct the Telecom Program at
2 Northwestern. I am also an academic economist.

3 So, the perspective I give you is that of a
4 practitioner of a dismal science.

5 Now, one of the areas of my expertise actually
6 is the economics and mass media, and some of this we have
7 known for a number of years, going back to the fifties in
8 a theoretical point.

9 There is a bias in the advertising media
10 against minority. That is because when you have got a
11 large block of people with homogeneous interests, it
12 makes sense for them to divide that up economically into
13 small pieces. This is compounded in getting into the
14 structural issues which have been raised a number of
15 times this morning, compounded by the fact that there is
16 inadequate measurement of minority audiences. So that
17 even for the dollars that are there, it is harder to
18 reflect those, and actually those in terms of advertising
19 dollars related to an audience.

20 One of the things that is really necessary is
21 a better way to transmit the value of the audiences out

1 there. I know we have somebody here this morning who has
2 a firm that does this kind of measurement. It is not
3 reflected adequately in the audience surveys that are
4 used by the major commercial stations, and that needs to
5 be brought up. That would make a big difference.

6 In terms of the concentration we are seeing, I
7 see this as primarily a consequence of changes to the
8 ownership regulations, and moving to allow more station
9 groups, more stations across the country, but especially
10 more stations in the same market which is really deriving
11 a cross use.

12 And I think part of the problem with the
13 process, the political end, is that there is certain
14 ramifications in the way we deal with this. On the other
15 hand we look at the economic consequences of things, the
16 social political consequences. They aren't dealt with
17 simultaneously. They need to deal with the two sets of
18 issues simultaneously so we don't have to go back and
19 reinvent what should have been done in the first place.

20 (Loud applause.)

21 STATEMENT BY JOEL I. FERGUSON, President

1 Lansing 53, Inc., WLAJ-TV, Lansing, Michigan

2 MR. FERGUSON: Joel Ferguson, Lansing,
3 Michigan. I own the ABC station in Lansing. At the
4 present time I am going to sell the station. I am going
5 to sell it for a basic economic reason. What happens is
6 that these national firms who are doing your sales, they
7 charge you a really uncompetitive rate, feeling that
8 because you own a small station, only basically one
9 account, and these conglomerates are able to get a rate
10 of less than six percent.

11 It is very, very difficult when you are in a
12 city where you own a station, the station down the
13 street, that person owns 16 stations, and your other
14 competitors are owned by the Milwaukee Journal company
15 which owns a number of stations along with the Milwaukee
16 Journal. It is very difficult when they have such an
17 uncompetitive base on the national sales, along with
18 buying programs. They have a competitive edge because
19 they have a number of stations, they get a different
20 price from the person who owns the syndicated shows than
21 what we, as an independently owned station gets.

1 I happen to believe that the solution for
2 television is not just in the tax credit, but it is kind
3 of like when you are buying political advertising. They
4 say that the station has to charge the lowest rate to the
5 person who is making a political buy. So there ought to
6 be a regulation that the national sales firm cannot
7 charge or take a fee that is more than one percent higher
8 than the lowest rate they are giving anyone.

9 The same thing applies on buying programming.
10 There has to be a benchmark standard, and from that
11 point.

12 And so I happen to believe that is more
13 critical than the tax credit which arouses individuals to
14 buy a station that then basically programs them for
15 failure based upon the uncompetitiveness they have once
16 they get in the industry.

17 I think the way that we are going to get more
18 minorities and others to have television stations is to
19 level the playing field once you get the station. But
20 getting the station, and then all of a sudden being in a
21 totally uncompetitive position isn't solving the problem.

1 The people are asking me to testify. I would
2 state that we have to have some regulations to where the
3 stand-alone stations -- and we can get an ally -- because
4 there a number of stand-alone stations, a much greater
5 number that are owned by the majority community, that are
6 owned in a given community perhaps to be bought up by
7 these conglomerates, because they themselves are
8 suffering with the same competitive disadvantages that I
9 suffer as a stand-alone television station in Lansing,
10 Michigan.

11 Thank you.

12 (Loud applause.)

13 REVEREND JACKSON: We will go back to Joe
14 Stroud. He had some comments that he wanted to make.

15 STATEMENT BY JOSEPH A. STROUD, President and
16 General Manager, WJYS-TV, Channel 62, Chicago, Illinois

17 MR. STROUD: I didn't know when I passed to
18 Joel that he would say much that I would have said as
19 well.

20 There are obstacle upon obstacle for the
21 minorities to participate in broadcasting, one of which

1 is getting the station to begin with. Not only do we not
2 sometimes get equal protection in the marketplace, but we
3 don't get equal protection at the FCC as well.

4 When an entity is historically 100 percent
5 Caucasian, there is no mechanism to appreciate diversity
6 on any level, on any level. We are treated as -- in a
7 second-class fashion throughout the arena of trying to
8 get the station. Once having got the station, to operate
9 the station the marketplace has a double standard.

10 If you are an African-American and you program
11 your station African-American, then the advertising
12 dollars that you will get in programming your station is
13 less.

14 If you had a rating point of four and it was
15 an African-American program versus a majority program
16 that was a four, and the advertising dollar you get, the
17 same amount of rating, is less than the majority. How
18 can you compete? No matter how much money you have, no
19 matter how well your cash flows are, no matter how good
20 your profit margins are, if you go to a bank institution
21 and ask for a minimal line of credit, you won't get it.

1 If you do get it, the hooks and the control mechanisms
2 are so great it is oftentimes not worth having.

3 The temptation, once you are in the industry,
4 since it is hard to stay in the industry and make the
5 kind of profit to warrant you negotiating or refusing an
6 offer, the temptation from a business point of view is
7 very, very high to sell out.

8 When a majority station that owns many, many
9 stations can get their money free because they are a
10 public trading company that has access to programming at
11 a lesser rate can come and offer you a price on a cash
12 revenue basis that is 25 times what you are earning, it
13 is hard to say no, and you are almost for economic
14 reasons sometimes inclined to sell out, because to stay
15 in the business they have made it so difficult and made
16 it so difficult in terms of revenue.

17 For example, if they give you \$10 million and
18 you put the \$10 million in the bank and get ten percent,
19 hey, you know, you may not be cash flowing. But a couple
20 of hundred thousand versus a million in the bank. So for

1 economic reasons when they put these kinds of sums in
2 front of you, it is very, very difficult to say no.

3 We have been able to say no in Chicago because
4 we can go to alternative programming, equate what these
5 high prices are, but there are impediments after
6 impediments, not only to get the station, but to maintain
7 profitability, to maintain growth, to become
8 institutional. It doesn't happen generationally often.
9 And all this is the kind of considerations and questions
10 we are here to look at.

11 (Loud applause.)

12 CONGRESSMAN RUSH: Mr. Joe Madison.

13 STATEMENT BY JOE MADISON, Talk Show Host

14 MR. MADISON: I am going to put my hat on as a
15 talk show host and also as an activist.

16 Let me first say that one of the great things
17 about Dr. Martin Luther King, and also the Reverend Jesse
18 Jackson, is not that they are just great orators, but
19 they impact public policy. Because one of the things
20 that we have learned here today is that rhetoric does not
21 change society, but it is public policy. And the only

1 thing that changes public policy, as the Professor said
2 earlier, is action.

3 Referring to the 14th and 15th Amendments,
4 public policy. Brown v. Board of Education: public
5 policy. The two Federal Communication Acts that have
6 impacted us adversely, the one in 1934 and then 1996:
7 public policy. These few words that I would put forth at
8 this hearing and you will see what the connections are,
9 or at least four phases.

10 One is constipation. Two is racial neutering.
11 Three is electronic redlining, and four is niche
12 broadcasting.

13 In the 1980's the Communications Act created a
14 constipation. White middle class suburban white males
15 who dominated the airwaves: the Bob Grants, the Rush
16 Limbaughs, the Howard Sterns, and one knows what happens
17 when you eat too much white bread. You get constipated.
18 And therefore, what we have is constipated discussion.
19 People who cannot speak about us and cannot speak to us.

20 So we continue what goes on in this country
21 and has gone on historically, and that is that Americans

1 are culturally conditioned to believe that black people
2 are inferior to white people, and the way that that
3 manifests itself is, one, by undervaluing us,
4 underestimating us, and marginalizing us.

5 So, it is extremely important that we have the
6 minority ownership, that we have minorities in top
7 management positions that can deal with adversity and
8 begin to recondition the cultural thinking of America.

9 It has also created niche programming. In
10 Washington, D.C., a city that is 66 percent black, there
11 is only one black talk station, which is owned now by
12 Cathy Hughes. All the other stations not only don't have
13 very much political talk, but they are in the niche
14 programming, sports talk, health talk. But no one is
15 talking about the issues that impact African-Americans
16 and politics in general.

17 So, I would like to offer the following
18 solutions:

19 1. That we do break up this monopoly, this
20 ownership.

1 2. That we do reinstitute the incentives to
2 encourage minority ownership.

3 And as Joel has said, and to hear him today
4 after knowing him for 20 years, it was that station, even
5 though it was an ABC network station, we knew we had
6 someone at the top who had sensitivity, who would open
7 the doors to us when I lived in Detroit, Michigan, and to
8 now lose that sensitivity in going to be devastating for
9 the community in the next millennium.

10 I would also say we must eliminate electronic
11 redlining, because even if you can hang on as a minority
12 broadcaster, the advertising rates can be so oppressive
13 that you can literally be pushed out of business.

14 And I would say to the black owners -- not
15 only owners, but managers and programmers that are here,
16 that you also have to speak up, because you know, too,
17 that when you walk into an office, and you walk into a
18 meeting that no matter how successful you have been in
19 the past, you are immediately undervalued, you are
20 immediately underestimated, and often marginalized, and
21 you have to prove yourself all over again.

1 And so it is important to you to speak up and
2 demand diversity.

3 And finally, that there must be integration in
4 programming. Integration in programming is good for
5 business. I, as a talk show host, can sell a number of
6 cars, movies, tax preparers, vacations, cruises and
7 anything else that Limbaugh can sell. And black people
8 can buy all of it.

9 And so I say finally, and I think it was
10 Gaston, the gentleman out of Birmingham, Alabama that
11 once said, "What good does it do to get first class
12 citizenship and arrive there broke?"

13 Thank you.

14 (Loud applause.)

15 STATEMENT BY LORETTA LEVER, Owner/General Manager,
16 KFYX-FM, Little Rock, Arkansas

17 MS. LEVER: I am Loretta Lever, General
18 Manager and Owner of KFYX-FM, Little Rock, Arkansas.

19 And Joe, I can say amen, amen, amen, brother.

20 Like Ro-Nita, it took me eight years to fight
21 to get the license for my radio station. I have

1 currently been in operation now for six years. As an
2 African-American female, I am certainly concerned about
3 the low percentages of minority-owned radio and TV
4 stations. We own less than three percent.

5 The new rules have caused an adverse effect on
6 our community in terms of the diversity, and the lack of
7 management opportunities in radio stations. And as
8 African-Americans, we tend to hire people like us. We
9 mentor. We bring interns in. We give scholarships. All
10 of those things that we do, we do as African-Americans.
11 Imagine what problems we would have if we were not there.

12 In our local market, you know, we have to be
13 concerned when conglomerates, large corporate
14 conglomerates come in and they can dictate to the
15 providers of syndicated programs, and to remove them away
16 from our radio station when our contract ends.

17 For instance, Tom Joyner's Morning Show, it is
18 very successful.

19 We spent thousands of dollars building that
20 program, and now, conglomerates come in when the
21 contracts expire, and they see that we have large rates,